ANNUAL REPORT
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A MESSAGE TO OUR SHAREHOLDERS

Greetings

Since its founding in Japan's ancient capital, Kyoto, in April 1979, TOWA Corporation has consistently developed proprietary technologies and created numerous de facto standards. Our primary operations are composed of development, manufacturing and sales of resin encapsulation systems for semiconductors and LED resin sealed devices, singulation systems and precision molds for manufacturing semiconductors, as well as the manufacture and sales of fine plastic molded products. We maintain a leading share of the global market for our mainstay semiconductor resin encapsulation systems, which enjoy an excellent reputation with users.

Economic Overview

Japanese economy in the past fiscal year moved on more to a recovery with growing household spending and corporate earnings, supported by high stock prices and a weaker yen resulting from an aggressive monetary policy and economic stimulus packages. Additional anti-recession packages, which aim to establish a virtuous cycle from the expanded corporate earnings to the rise in employment, wages and consumption, also raised people's expectations for further growth by showing a steady path for escaping from the long-term deflation.

Performance

In the semiconductor industry, more manufacturers today suffer from a burden of larger investment required for microfabrication and higher functionality, and large enterprises with financial and technological strengths are getting prevailing in the market. Movement of M&A and industry reorganization is getting active also among manufacturing equipment manufacturers. Even the world-leading companies have already announced management integration. As for a demand for semiconductors, sales for computers were low except for temporary rise due to replacement before the end of Windows XP support. On the other hand, sales for smartphones remained strong, supported by adoption of the application processor for high-end models into middle-/low-end models.

In such circumstances, we have actively implemented our strategies such as building up of a "market-oriented" system by staffing technical personnel to sales companies so that we can provide our customers with optimum suggestions in real time, building up of special lines for repeatedly ordered molds in Korea, and launching new products into the Chinese market. In addition, through our evaluation labos located in Europe and the United States, we created a strong relationship with IDM development departments, foundry manufacturers and fabless companies by approaching them in an early stage of developing semiconductor devices, and finally developed a new packaging technology as a collaborative work. In addition to these activities, we held a private show in December 2013 so that many customers from Japan and overseas can see our technological prowess at hand. In the show, we introduced the latest six equipment models, nanotechnology-based microfabrication technology, and BANCERA or an innovative mold made of a new material that can be easily demolded and thus can reduce cleaning frequency.

As a result, the amount of orders of the fiscal year is 19,921 million yen (44.8% rise with 6,161 million yen more than the previous year), the amount of sales is 17,165 million yen (4.3% rise with 711 million yen more than the previous year), the operating income is 457 million yen (compared with the loss of 439 million yen of the previous year), the ordinary income is 666 million yen (0.6% rise with 3 million yen more than the previous year), and the net income of the year is 568 million yen (17.8% fall with 123 million yen less than the previous year).

Looking Ahead

Semiconductor manufacturers seem to continue aggressive capital investment in 2014. For DRAM, although investment will be mainly in microfabrication to prepare for the 20-nm demands, some manufacturers have decided to invest in building new factories to increase their production capacity. For NAND flash memory, in addition to investment in microfabrication and production capacity, investment in 3D-NAND flash memory will also increase.

In such circumstances, with our strength in compression technology, we aim to expand our scale and improve our portfolio by penetrating more into the area of semiconductor molding equipment and entering into new areas such as in-vehicle products and electronic components. As for the business of fine plastic molding, a stable demand is expected due to expansion of the medical market driven by increasing needs for highly advanced medical treatment and arrival of the aging society.

We continue to place emphasis on "manufacturing company" as we have always been. The value of our "manufacturing company" is not simply limited to "technologies" for "manufacturing." We consider the "value" of "manufacturing company" is a power to open up a new market where we can start business activities, i.e., the "technical ability to create a new market."

Our faithful, united efforts to date to foster and practice the "technical ability to create a new market" have made us a world-leading company in the semiconductor molding business. We see today what the industrial society expects from us is to contribute more to improvement of the society and industry by creating a "new market" with our "creativity" in addition to the existing business segments where we already have a large market share.

Reflecting the factors above, we have set "TOWA 10-year vision" as our long-term management vision aiming at expansion of the existing businesses, wide application of the core technologies, and creation of a "new market" to improve the portfolio. To achieve its goals, we have developed the mid-term (3-year) management plan that includes various projects and strategies as milestones.

The outline of "TOWA 10-year vision" and the mid-term (3-year) management plan is:

(1) "TOWA 10-year vision"

① Subject

"Challenge to SHINKA (Creating value through innovation) of Manufacturing Company"

② Main Objective

◎ Expanding and gaining a higher share in the existing businesses, and applying the core technologies to new applications

◎ Creating a "new market" to expand the business scale and improve the portfolio

◎ Increasing our own world's best businesses

◎ Globalizing human resources and business activities and systems

◎ Doubling TOWA followers

(2) The mid-term (3-year) management plan

① Basic Policy

Practice "To Create a Market" of Manufacturing

② Main Content

Based on the "growth strategy" and "strengthening the foundation" approaches, we will work on various strategies and measures including:

《Growth strategy》

◎ Leveraging our compression technology to expand the molding business and applying it also to various other businesses

◎ Gaining a higher share in the singulation business

◎ Creating a "new market" and growing it to a profitable business

《Strengthening the foundation》

◎ Rebuilding the marketing channel and system

◎ Building a high productivity system

◎ Developing global-minded employees

(3) Performance plan

(millions of yen)

		FY2015	FY2016	FY2017
Net sales		18,000	19,000	21,000
Net sales (breakdown)	Semiconductor manufacturing equipment business	15,500	16,000	16,500
	LED business	1,100	1,200	1,500
	Fine plastic molding business	1,200	1,300	1,500
	"New market" business	200	500	1,500
Operating income		1,000	1,500	2,100
Ordinary income		900	1,400	2,000
Net income		800	1,300	1,400

We look forward to your continuing support and assistance in the future.

We would like to express our heartfelt appreciation for your support.

August 2014

Hirokazu Okada

President & COO

Consolidated Balance Sheets

TOWA CORPORATION AND CONSOLIDATED SUBSIDIARIES
March 31, 2013and 2014

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2013	***2014***	***2014***
ASSETS			
Current assets:	¥	¥	$
Cash on hand and at banks ………………………………………	5,608	**5,922**	**57,540**
Notes and accounts receivable :			
Trade ……………………………………………………….	3,811	**6,255**	**60,776**
Less: Allowance for doubtful accounts ……………………	(2)	**(1)**	**(10)**
	3,809	**6,254**	**60,766**
Inventories ………………………………………………………	3,294	**3,175**	**30,849**
Deferred tax assets (Note 10) …………………………………	44	**48**	**466**
Other current assets …………………………………………..	257	**314**	**3,051**
Total current assets ………………………………………..	13,012	**15,713**	**152,672**
Property, plant and equipment, at cost :			
Land ……………………………………………………………	4,214	**4,191**	**40,721**
Buildings and structures ………………………………………	12,345	**12,544**	**121,881**
Machinery and equipment ……………………………………	10,917	**12,092**	**117,489**
Construction in progress ………………………………………	25	**162**	**1,574**
Less: Accumulated depreciation ……………………………	(17,284)	**(18,366)**	**(178,449)**
Total property, plant and equipment ……………………….	10,217	**10,623**	**103,216**
Other assets:			
Investment securities (Note 4) ………………………………..	1,646	**1,829**	**17,771**
Deferred income taxes (Note 10) ……………………………..	75	**128**	**1,244**
Other ………………………………………………………….	947	**839**	**8,152**
Total other assets ………………………………………….	2,668	**2,796**	**27,167**
Total assets ………………………………………………………	25,897	**29,132**	**283,055**

The accompanying notes are an integral part of these financial statements.

Consolidated Balance Sheets

TOWA CORPORATION AND CONSOLIDATED SUBSIDIARIES
March 31, 2013and 2014

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2013	***2014***	***2014***
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current liabilities:	¥	¥	$
Short-term borrowings (Note 6) …………………………………	1,069	**1,601**	**15,556**
Current portion of long-term debt (Note 6) ………………………	1,116	**1,373**	**13,340**
Notes and accounts payable ………………………………………	1,337	**2,583**	**25,097**
Accrued expenses(Note 2(12)) ……………………………………	334	**395**	**3,838**
Accrued income taxes …………………………………………….	100	**103**	**1,001**
Deferred tax liabilities…………………………………………….	49	**60**	**583**
Other current liabilities(Notes 2(10) and 6)………………………	978	**945**	**9,182**
Total current liabilities …………………………………………	4,983	**7,060**	**68,597**
Long-term liabilities:			
Long-term debt (Note 6) ………………………………………….	2,880	**3,193**	**31,024**
Accrued severance indemnities for employees(Notes 2(13) and 7)..	815	**-**	**-**
Liability for retirement benefits(Notes 2(13) and 7) ………………	-	**764**	**7,423**
Deferred tax liabilities (Note 10) …………………………………	144	**203**	**1,972**
Other long-term liabilities ………………………………………..	3	**2**	**20**
Total long-term liabilities ………………………………………	3,842	**4,162**	**40,439**
Total liabilities …………………………………………………	8,825	**11,222**	**109,036**
Contingent liabilities (Note 13)			
NET ASSETS			
Shareholders' equity (Note 8)			
Common stock			
Authorized: 80,000,000 shares			
Issued :			
25,021,832 shares at 31st March, 2014…………………	8,933	**8,933**	**86,796**
Additional paid-in capital …………………………………………	462	**462**	**4,489**
Retained earnings …………………………………………………	6,890	**7,208**	**70,034**
Less: Treasury stock at cost ………………………………………	(9)	**(9)**	**(87)**
Total shareholders' equity ………………………………………	16,276	**16,594**	**161,232**
Accumulated Other Comprehensive Income			
Unrealized gain (loss) on other securities …………………………	393	**510**	**4,955**
Translation adjustments ……………………………………………	203	**512**	**4,975**
Retirement benefit adjustments……………………………………	-	**36**	**350**
Total accumulated other comprehensive income …………………	596	**1,058**	**10,280**
Minority interests …………………………………………………	200	**258**	**2,507**
Total net assets …………………………………………………	17,072	**17,910**	**174,019**
Total liabilities and net assets …………………………………	25,897	**29,132**	**283,055**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income

TOWA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Two years ended March 31, 2014

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2013	***2014***	***2014***
	¥	¥	$
Net sales………	16,454	**17,165**	**166,780**
Cost of sales………	12,696	**12,623**	**122,649**
Gross profit………	3,758	**4,542**	**44,131**
Selling, general and administrative expenses (Notes 2(14) and 9)………	4,198	**4,084**	**39,681**
Operating Income………	(440)	**458**	**4,450**
Other income (expenses)			
Interest and dividend income………	65	**56**	**544**
Interest expenses………	(79)	**(74)**	**(719)**
Foreign exchange gains (losses) ………	1,032	**164**	**1,593**
Equity in earnings (losses) of affiliates………	22	**12**	**117**
Gain (Loss) on step acquisitions ………	89	**(2)**	**(19)**
Other, net………	71	**49**	**476**
Total other income (expenses) ………	1,200	**205**	**1,992**
Income before income taxes and minority interests ………	760	**663**	**6,442**
Income taxes (Note 10)			
Current ………	91	**107**	**1,039**
Deferred ………	(14)	**(30)**	**(291)**
Income before minority interests ………	683	**586**	**5,694**
Minority Interests ………	(8)	**18**	**175**
Net Income………	691	**568**	**5,519**

			U.S. dollars (Note 1)
Amount per share of common stock (Note 2 (17)):	¥	¥	$
Net Income………	27.64	22.72	0.22
Diluted net income ………	27.64	22.72	0.22
Cash dividends ………	10.00	10.00	0.10

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Comprehensive Income

TOWA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Two years ended March 31, 2014

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2013	***2014***	***2014***
	¥	¥	**$**
Income Before Minority Interests ……………………………………	683	**586**	**5,694**
Other Comprehensive Income			
Unrealized gain on other securities……………………………………	(105)	**117**	**1,137**
Translation adjustment………………………………………………	481	**337**	**3,274**
Share of other comprehensive income of affiliates accounted for using the equity method……………………………………………………	21	**1**	**10**
Total other comprehensive income	397	**455**	**4,421**
Comprehensive Income	1,080	**1,041**	**10,115**
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent……………	1,071	**995**	**9,668**
Comprehensive income attributable to minority interests………………	9	**46**	**447**

Consolidated Statements of Shareholders' Equity

TOWA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Two years ended March 31, 2014

	Millions of yen									
	Shareholders' equity					*Accumulated other comprehensive income*			*Minority interests*	
	Number of shares of common stock	*Common stock*	*Additional paid-in capital*	*Retained earnings*	*Treasury stock*	*Unrealized gain on other securities*	*Translation adjustments*	*Retirement benefit adjustments*	*Minority interests*	*Total net assets*
		¥	¥	¥	¥	¥	¥	¥	¥	¥
Balance at March 31, 2012	25,021,832	8,933	462	6,324	(8)	497	(282)	-	-	15,926
Net Income	-	-	-	691	-	-	-	-	-	691
Cash dividends	-	-	-	(125)	-	-	-	-	-	(125)
Net increase of treasury stock	-	-	-	-	(1)	-	-	-	-	(1)
Net changes of items other than shareholders' equity	-	-	-	-	-	(104)	485	-	200	581
Balance at March 31, 2013	25,021,832	8,933	462	6,890	(9)	393	203	-	200	17,072
Net Income	-	-	-	568	-	-	-	-	-	568
Cash dividends	-	-	-	(250)	-	-	-	-	-	(250)
Net increase of treasury stock	-	-	-	-	0	-	-	-	-	0
Net changes of items other than shareholders' equity	-	-	-	-	-	117	309	36	58	520
Balance at March 31, 2014	25,021,832	8,933	462	7,208	(9)	510	512	36	258	17,910

	Thousands of U.S.dollars (Note 1)									
	Shareholders' equity					*Accumulated other comprehensive income*			*Minority interests*	
	Number of shares of common stock	*Common stock*	*Additional paid-in capital*	*Retained earnings*	*Treasury stock*	*Unrealized gain on other securities*	*Translation adjustments*	*Retirement benefit adjustments*	*Minority interests*	*Total net assets*
		$	$	$	$	$	$	$	$	$
Balance at March 31, 2013	25,021,832	86,796	4,489	66,945	(87)	3,818	1,972	-	1,943	165,876
Net Income	-	-	-	5,519	-	-	-	-	-	5,519
Cash dividends	-	-	-	(2,430)	-	-	-	-	-	(2,430)
Net increase of treasury stock	-	-	-	-	0	-	-	-	-	0
Net changes of items other than shareholders' equity	-	-	-	-	-	1,137	3,003	350	564	5,054
Balance at March 31, 2014	25,021,832	86,796	4,489	70,034	(87)	4,955	4,975	350	2,507	174,019

The accompanying notes are an integral part of these financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	***2014***	***2014***
Cash Flows from Operating Activities:	¥	¥	$
Net Income before income taxes and minority interests	760	**663**	**6,442**
Adjustments for:			
Depreciation	1,355	**1,315**	**12,777**
Equity in earnings of affiliates	(22)	**(12)**	**(117)**
Amortization of goodwill	37	**42**	**408**
Interest and dividends income	(65)	**(56)**	**(544)**
Interest expenses	79	**74**	**719**
Foreign exchange losses (gains)	92	**46**	**447**
(Gain) Loss on step acquisitions	(89)	**2**	**19**
(Increase) decrease in trade notes and accounts receivable	2,147	**(2,367)**	**(22,998)**
(Increase) decrease in inventories	321	**188**	**1,827**
(Increase) decrease in other current assets	15	**(15)**	**(146)**
Increase (decrease) in notes and accounts payable	(1,558)	**1,082**	**10,513**
Increase(decrease) in accrued and other current liabilities	(38)	**103**	**1,001**
Other, net	(109)	**(20)**	**(195)**
Sub-total	2,925	**1,045**	**10,153**
Interest and dividends received	66	**58**	**563**
Interest paid	(91)	**(77)**	**(748)**
Income taxes paid	(190)	**(91)**	**(884)**
Net cash provided by (used in) operating activities	2,710	**935**	**9,084**
Cash Flows from Investing Activities:			
Purchase of investment securities	(7)	**(7)**	**(68)**
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	56	**12**	**117**
Purchase of property, plant and equipment	(1,202)	**(1,592)**	**(15,468)**
Sale of property, plant and equipment	70	**49**	**476**
Other, net	(0)	**(15)**	**(146)**
Net cash provided by (used in) investing activities	(1,083)	**(1,553)**	**(15,089)**
Cash Flows from Financing Activities:			
Increase（decrease) in short-term borrowings	(450)	**511**	**4,965**
Proceeds from issuance of long-term debt	2,542	**1,850**	**17,975**
Repayments of long-term debt	(2,924)	**(1,190)**	**(11,562)**
Issue of bonds	200	**-**	**-**
Redemption of bonds	(60)	**(100)**	**(972)**
Purchase of treasury stock	**(0)**	**(0)**	**(0)**
Cash dividends	**(125)**	**(250)**	**(2,430)**
Other,net	**(1)**	**(1)**	**(9)**
Net cash provided by (used in) financing activities	(818)	**820**	**7,967**
Effect of exchange rate changes on Cash and Cash Equivalents	62	**65**	**632**
Net increase(decrease) in Cash and Cash Equivalents	871	**267**	**2,594**
Cash and Cash Equivalents at Beginning of Period	4,396	**5,267**	**51,176**
Cash and Cash Equivalents at End of Period (Note2(3))	5,267	**5,534**	**53,770**

The accompanying notes are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

TOWA CORPORATION AND CONSOLIDATED SUBSIDIARIES

1. Basis of presenting Consolidated Financial Statements

TOWA CORPORATION (the ”Company”) and its domestic subsidiaries maintain their accounts and records in conformity with accounting principles and practices generally accepted in Japan (“JPGAAP”), which are different, in certain respects from the application and disclosures and disclosure requirements of International Financial Reporting Standards (“IFRS”).

The Company’s overseas subsidiaries maintain their accounts and records in conformity with generally accepted accounting principles and practices prevailing in their respective countries of domicile, and the Company makes necessary adjustments to its consolidated accounting process in case there are considerable differences as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying consolidated financial statements of the Company are prepared on the basis of accounting principles generally accepted in Japan, as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader, using the approximate exchange rate at March 31, 2014, which was ¥102.92 to US$1.00. These convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(1) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries and affiliates. All significant inter-company transactions, account balances and unrealized profits have been eliminated in consolidation. Fiscal year end of some subsidiaries is December 31, which differs from that of the Company, March 31, and the Company consolidate such subsidiaries using their provisional settlements as of March 31. Shown below are the significant subsidiaries and affiliates of the Company.

Subsidiaries

(All subsidiaries have been consolidated)

Name	Ownership	Country of Incorporation
BANDICK Corporation	100％	Japan
TOWATEC Co., Ltd.	100	Japan
TOWAM Sdn. Bhd.	100	Malaysia
TOWA (Suzhou) Co., Ltd.	100	China
TONGJIN Corporation ※１	50	Korea
TOWA Asia-Pacific Pte. Ltd.	100	Singapore
TOWA (Shanghai) Co., Ltd.	100	China
TOWA TAIWAN Co., Ltd.	100	Taiwan
TOWA Jipal Technologies Co., Ltd. ※２	60	Taiwan
TOWA Semiconductor Equipment Philippines Corp.	100	Philippines
TOWA KOREA CO., LTD ※３	100	Korea
TOWA USA Corporation	100	The United States of America
TOWA Europe B.V. ※４	100	Kingdom of the Netherlands
TOWA America Corporation	100	The United States of America
TOWA Europe GmbH ※５	100	Germany

Affiliates

(All affiliates are accounted for by the equity method)

Name	Ownership	Country of Incorporation
Scientific and Semiconductor Manufacturing Equipment Recycling Co., Ltd	20％	Japan

※１. The Company acquired 50% portion of TONGJIN Corporation on April 5, 2012, and its financial statement is consolidated into accompanying financial statement for 2013 and 2014.

※２. The Company acquired 60% portion of TOWA Jipal Technologies Co., Ltd. on April 8, 2013, and its financial statement is consolidated into accompanying financial statement for 2014.

※３. TOWA KOREA CO., LTD was established on April 8, 2013.

※４. TOWA Europe B.V. was established on October 2, 2013.

※５. TOWA Europe GmbH is in process of liquidation.

(2) Translation of Foreign Currency Items

In accordance with the Japanese accounting standard, every monetary assets and liabilities denominated in foreign currencies are principally translated into Japanese yen at the exchange rate in effect at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the statements of income.

With respect to financial statements of overseas subsidiaries, the balance sheet accounts are translated into Japanese yen at the exchange rates in effect at the balance sheet date except for shareholders' equity, which are translated at the historical rates. And revenue and expenses are translated at the exchange rate in effect at the balance sheet date. The differences resulting from translation in this manner are included in "Translation adjustments" which is listed in Accumulated Other Comprehensive Income in the accompanying consolidated balance sheets.

(3) Cash and Cash Equivalents

For the purposes of cash flow statements, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of overdrafts and all highly liquid investments with maturities of three months or less.

Components of cash and cash equivalents as of March 31, 2013 and 2014 are as follows:

	Millions of Yen		*Thousands of U.S. dollars (Note 1)*
	2013	2014	2014
Cash on hand and at banks	¥ 5,608	¥5,922	$57,540
Less: Time deposits with deposit term of over three months	¥ 341	¥388	$3,770
Cash and cash equivalent at end of year	¥ 5,267	¥5,534	$53,770

(4) Securities

Securities are classified into four categories.

Categorization and valuation for investments in securities are as follows:-

1. Trading Securities

- Such securities held for the purpose of generating profits from short-term price movements.
- Unrealized gain/loss at the end of period resulting from the valuation by applying the fair value at such date is directly debited/credited to income;
- Such securities are treated in current assets in the balance sheet.

2. Held-to-maturity Debt Securities

- Debt securities whose maturity dates are predetermined and are to be redeemed at par, acquired with intention to hold to their maturity dates;
- The difference between the acquisition cost and the amount expected to gain at maturity is amortized or appreciated over the remaining period to maturity date. The amount amortized or appreciated is charged/credited to income for the respective period as interest expense or interest income, as the case may be.
- Unrealized loss will be required to be charged to income as impairment unless unrealized loss is expected to recover within a reasonable period.

3. Shares in equity of Subsidiaries and Affiliates

- Those securities are carried at cost unless such investment is regarded impaired.

4. Other Securities:

- Such securities other than those categorized in 1 to 3 above;
- Other Securities with market quotation are valued at such market price at the end of period, and those without market quotation are valued at cost.
- Unrealized gain/loss at the end of period resulting from such valuation is charged to Accumulated Other Comprehensive Income as “Unrealized gain/ (loss) on Other Securities” after netting off the deferred income taxes thereto.
- Unrealized loss which it incurred as the fair value is less than 50% of its acquisition cost will be required to be charged to income.
- Unrealized loss which it incurred as the fair value is 30% ~50% of its acquisition cost will be required to be charged to income unless the unrealized loss is expected to recover within a reasonable period.

The moving average method is applied for calculation of the costs of securities.

(5) Inventories

Inventories are mainly stated at the lower of cost or net selling value, the cost being determined by mainly specific identification method for finished products and work-in-process, by mainly moving-average method for raw materials and by the last purchase cost method for supplies.

(6) Allowance for Doubtful Accounts

The Company and its domestic subsidiaries have provided the allowance based on the past uncollectible receivable experience for a certain reference period. Furthermore, for receivables which are from the debtors with financial difficulty, the allowance is provided for estimated unrecoverable amounts individually. Overseas subsidiaries have provided an allowance for doubtful accounts in the estimated amounts of possible bad debts.

(7) Property, Plant and Equipment

Property, plant and equipment are stated at cost.

Depreciation for property, plant and equipment of the Company and its domestic subsidiaries is calculated by applying declining-balance method, except for buildings acquired on and after April 1, 1998 which are applied the straight-line method, over the estimated useful lives.

The principal estimated useful lives are as follows:

Buildings and structures	3	～	50	years
Machinery and equipment	2	～	10	years

Depreciation for those of overseas subsidiaries is computed by the straight-line method.

(8) Leased Assets

Leased assets are depreciated to a residual value of zero by the straight-line method using the contract term as the useful life.

However, finance lease transactions other than those in which titles to leased property are determined to be transferred to lessees, which transactions started on or before March 31, 2008, are stated by applying the accounting treatment applicable to ordinary operating lease transactions.

(9) Derivatives

The Company has entered into interest rate agreements to hedge the fluctuation of interest rate exposures, and not for speculative purposes. The instruments include interest rate swap agreements.

These instruments were accounted by the deferral hedge accounting. The Company has accounted for interest rate swap agreements by the exception accounting.

(10) Goodwill

Goodwill is amortized over a period of 3 years by the straight-line method.

(11) Product Warranties

The Company has accounted for the estimate amounts of maintenance expenses as the product warranties, which corresponded to the sales based on the prior track record for the outcome of maintenance expenses of the sold products during the period of warranty.

As of March 31, 2014, the liability for expected warranty costs was ¥69 million ($670thousand).

(12) Accrued Bonus

The Company and its subsidiaries provide for accrued bonuses to directors and employees for the expected payment of their bonuses for the current fiscal year to those directors and employees serving at the end of the fiscal year.

(13) Retirement Benefits

Asset for retirement benefits and liability for retirement benefits have been recorded mainly at the amount calculated based on the retirement benefit obligations and the fair value of the pension plan assets as of balance sheet date. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the eligible employees.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the declining-balance method over a period of 10 years, which is within the estimated average remaining years of service of the eligible employees.

(14) Research and Development Costs

Research and development expenditure is charged to income when incurred.

(15) Income Taxes

Income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local taxes and enterprise taxes. Enterprise taxes are deductible when paid for the computation of other taxes.

Deferred income taxes are recognized using the asset and liability approach, whereby deferred tax assets and liabilities were recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements.

(16) Appropriation of Retained Earnings

Under the Japanese Corporate Law and the Articles of Incorporation of the Company, the appropriation of retained earnings or disposition of accumulated deficit could be adopted by the Board of Directors. The appropriations of retained earnings reflected in the accompanying consolidated financial statements include the results of such appropriations applicable to the immediately preceding financial year as approved by the Board of Directors, and effected, during the relevant year. Dividends are paid to shareholders on the shareholders' register as at the end of each financial year.

(17) Per Share Information

Net income per share and diluted net income per share are computed based on the weighted-average number of shares of common stock outstanding during each year and stock splits are reflected in the calculation of the weighted-average number of shares of common stock.

Cash dividend per share is the total of the per-share amounts of interim cash distribution and the year-end cash dividends for the income of the respective financial periods.

3. Change in Accounting Policies

The Company adopted "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26 of May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25 of May 17, 2012) (except for certain provisions described in the main clause of Section 35 of the ASBJ standard and in the main clause of Section 67 of the ASBJ guidance) as of March 31, 2014. These accounting standards require the Company to apply a revised method for recording the retirement benefit obligations, after deducting pension plan assets, as a liability for retirement benefits. In addition, unrecognized actuarial differences is recorded as a liability for retirement benefits.

Concerning the application of the Accounting Standard for Retirement Benefits, based on the provisional treatment set out in Clause 37 of the ASBJ standard, the effects of such changes in the current fiscal year have been recorded in retirement benefit liability adjustments through accumulated other comprehensive income.

As a result of this change, liability for retirement benefits was recognized in the amount of ¥764 million ($7,423thousand) and accumulated other comprehensive income increased by ¥36 million ($350thousand) as of March 31, 2014. For additional information, net assets per share increased ¥1.43 ($0.01) as of March 31, 2014.

4. Securities

(1) The following is a summary of investments in affiliates and other securities at March 31, 2013:

	Millions of yen			
	2013			
	Cost	Unrealized gains	Unrealized losses	Book Value (Estimated fair value)
Market value available:				
Equity securities	¥ 933	¥ 537	¥ 21	¥ 1,449
	¥ 933	¥ 537	¥ 21	¥ 1,449
Market value not available:				
Equity securities	3	-	-	3
Other securities total	¥ 936	¥ 537	¥ 21	¥ 1,452

Investments in affiliates:

	Millions of yen
	2013
	Book Value
Market value not available:	
Equity securities	¥ 194
	¥ 194
Total	¥ 1,646

(2) The following is a summary of investments in affiliates and other securities at March 31, 2014

	Millions of yen			
	2014			
	Cost	Unrealized gains	Unrealized losses	Book Value (Estimated fair value)
Market value available:				
Equity securities	¥ 940	¥ 701	¥ 13	¥ 1,628
	¥ 940	¥ 701	¥ 13	¥ 1,628
Market value not available:				
Equity securities	3	-	-	3
Other securities total	¥ 943	¥ 701	¥ 13	¥ 1,631

Investments in affiliates:

	Millions of yen
	2014
	Book Value
Market value not available:	
Equity securities	¥ 198
	¥ 198
Total	¥ 1,829

	Thousands of U.S. dollars (Note 1)			
	2014			
	Cost	Unrealized gains	Unrealized losses	Book Value (Estimated fair value)
Market value available:				
Equity securities	$ 9,133	$ 6,811	$ 126	$ 15,818
	$ 9,133	$ 6,811	$ 126	$ 15,818
Market value not available:				
Equity securities	29	-	-	29
Other securities total	$ 9,162	$ 6,811	$ 126	$ 15,847

Investments in affiliates:

	Thousands of U.S. dollars (Note 1)
	2014
	Book Value
Market value not available:	
Equity securities	$ 1,924
	$ 1,924
Total	$ 17,771

5. Estimated Fair Value of Financial Instruments

As of March 31, 2013 and 2014, the book value and fair value of financial instruments and the differences between these figures are set forth in the table below. The table does not include financial instruments for which it is extremely difficult to determine the fair value.

	Millions of yen		
	2013		
	Book Value	Fair Value	Difference
Cash and deposits	¥ 5,608	¥ 5,608	¥ -
Notes and accounts receivable	3,811		
Less:Allowance for Doubtful Accounts	(2)		
	¥ 3,809	¥ 3,809	¥ -
Investment securities	1,449	1,449	-
Total assets	¥ 10,866	¥ 10,866	¥ -
Notes and accounts payable	1,337	1,337	-
Short-term borrowings	1,069	1,069	-
Bonds	440	444	4
Long-term borrowings	3,556	3,555	(1)
Total liabilities	¥ 6,402	¥ 6,405	¥ 3
Derivative financial instruments	¥ -	¥ (25)	¥ (25)

	Millions of yen		
	2014		
	Book Value	Fair Value	Difference
Cash and deposits	¥ 5,922	¥ 5,922	¥ -
Notes and accounts receivable	6,255		
Less:Allowance for Doubtful Accounts	(1)		
	¥ 6,254	¥ 6,254	¥ -
Investment securities	1,628	1,628	-
Total assets	¥ 13,804	¥ 13,804	¥ -
Notes and accounts payable	2,583	2,583	-
Short-term borrowings	1,601	1,601	-
Bonds	340	342	2
Long-term borrowings	4,226	4,226	0
Total liabilities	¥ 8,750	¥ 8,752	¥ 2
Derivative financial instruments	¥ -	¥ (27)	¥ (27)

	Thousands of U.S. dollars (Note 1)		
	2014		
	Book Value	Fair Value	Difference
Cash and deposits	$ 57,540	$ 57,540	$ -
Notes and accounts receivable	60,776		
Less:Allowance for Doubtful Accounts	(10)		
	$ 60,766	$ 60,766	$ -
Investment securities	15,818	15,818	-
Total assets	$ 134,124	$ 134,124	$ -
Notes and accounts payable	25,097	25,097	-
Short-term borrowings	15,556	15,556	-
Bonds	3,304	3,323	19
Long-term borrowings	41,061	41,061	0
Total liabilities	$ 85,018	$ 85,037	$ 19
Derivative financial instruments	$ -	$ (262)	$ (262)

Financial instruments for which it is extremely difficult to determine the fair value as of March 31, 2013 and 2014 were as follows, respectively.

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2013	2014	
Unlisted equity securities	¥197	¥201	$1,953

Because no quoted market prices are available and it is extremely difficult to determine the fair value, the above financial instruments are not included in “Investment securities” in the preceding table.
The redemption schedule for bonds and long-term borrowings is disclosed in Note6.

6. Short-term Borrowings and Long-term Debt

Short-term borrowings represent loans from banks. The annual average interest rates applicable to short-term borrowings at March 31, 2013 are 1.4% and 2014 are 1.2%, respectively.

Long-term debt as of March 31, 2013 and 2014 consisted of the following:

	Millions of Yen		*Thousands of U.S. dollars (Note 1)*
	2013	2014	2014
Borrowings from financial institutions	¥ 3,556	¥ 4,226	$ 41,061
0.6% Yen Bonds due 2016	240	180	1,749
0.5% Yen Bonds due 2017	200	160	1,555
Other Long term liabilities	3	3	29
Less: Portion due within one year	(1,116)	(1,374)	(13,350)
	¥ 2,883	¥ 3,195	$ 31,044

The aggregate annual maturity of long-term debt after March 31, 2014 is summarized as follows:

Years ending March 31,	*Millions of Yen*	*Thousands of U.S. dollars (Note 1)*
2015	¥ 1,374	$ 13,350
2016	1,326	12,884
2017	1,086	10,552
2018 and thereafter	783	7,608
	¥ 4,569	$ 44,394

At March 31, 2013 and 2014, the following assets were pledged as collateral for short-term borrowings and long-term debt:

	Millions of Yen		*Thousands of U.S. dollars (Note 1)*
	2013	2014	2014
Principal of debt:			
Short-term borrowings	¥ 68	¥ 43	$ 418
Portion due within one year	8	58	564
Long-term borrowings	64	16	155
	¥ 140	¥ 117	$ 1,137
Assets pledged as collateral:			
Buildings and structures	¥ 125	¥ 154	$ 1,496
Machinery and equipment	132	1	10
Land	102	106	1,030
	¥ 359	¥ 261	$ 2,536

Regarding loan payables, the syndicate loan contract with limit of ¥975 million ($9,473 thousand), commitment line contracts with limits of ¥2,500 million ($24,291 thousand), convertible term loan contract with limit of ¥150 million ($1,457 thousand), and convertible term loan contract with limit of ¥175 million ($1,700 thousand) respectively include financial covenant terms. The contractor triggers acceleration and is enforced to repay the full principal and interest if the contractor breaches either of the following terms.

(Financial covenant terms included in the syndicate loan contract)

(1) The amount of Net Assets on the consolidated balance sheets at the end of each fiscal year and each semiannual period must be maintained ¥10,710 million ($104,061 thousand) or more.

(2) The ordinary losses before depreciation in both consolidated statements of income for each fiscal year must not be existed in two successive periods after the fiscal year ended March 31, 2013.

(Financial covenant terms included in the commitment line contracts)

(1) The amount of Net Assets on the consolidated balance sheets at the end of each fiscal year and each semiannual period must be maintained ¥11,150 million ($108,337 thousand) or more.

(2) The ordinary losses in both consolidated statements of income for each fiscal year must not be existed in two successive periods after the fiscal year ended March 31, 2013.

(Financial covenant terms included in the convertible term loan contract with limit of ¥150 million yen)

(1) The amount of Net Assets on the consolidated balance sheets at the end of each fiscal year and each semiannual period must be maintained ¥9,040 million ($87,835 thousand) or more.

(2) The ordinary losses in both consolidated statements of income for each fiscal year must not be existed in two successive periods after the fiscal year ended March 31, 2010.

(Financial covenant terms included in the convertible term loan contract with limit of ¥175 million yen)

(1) The amount of Net Assets on the consolidated balance sheets at the end of each fiscal year and each semiannual period must be maintained ¥10,710 million ($104,061 thousand) or more.

(2) The ordinary losses before depreciation in both consolidated statements of income for each fiscal year must not be existed after the fiscal year ended March 31, 2013.

7. Retirement Benefits

The Company and its consolidated subsidiaries have set up funded and unfunded defined benefit plans and defined contribution plans to provide for employees' retirement benefits. Under the defined benefit pension plans, which are funded, lump-sum payments or pensions mainly based on the salary amount and service periods. Under the lump-sum payment plans, which are unfunded, lump-sum payments are provided mainly based on the salary amount and service periods.

Certain consolidated subsidiaries have adopted a simplified method of calculation with liability for retirement benefits and retirement benefits expense.

Year ended March 31, 2013

The following table sets forth the changes in benefit obligation, plan assets and funded status of the Company and its subsidiaries at March 31, 2013.

	Millions of Yen
	2013
Projected benefit obligation at end of year	¥ 1,918
Fair value of plan assets at end of year	1,037
Funded status:	
Benefit obligation in excess of plan assets	881
Unrecognized actuarial loss	66
Accrued pension liability recognized in the Consolidation balance sheets	¥ 815

Certain consolidated subsidiaries calculate benefit obligation by simplified methods. .

Severance and pension costs of the Company and its subsidiaries included the following components for the year ended March 31, 2013.

	Millions of Yen
	2013
Service cost	¥ 127
Interest cost	20
Expected return on plan assets	-
Actuarial losses	30
Net periodic benefit cost	¥ 177

The benefit cost of certain consolidated subsidiaries calculated by simplified method have been included in service cost in the above table.

The Assumption used in the accounting for the defined benefit plans for the year ended March 31, 2013 were as follows:

	2013
Method of attributing benefit to periods of service	Straight –line basis
Discount rate	0.89%
Long-term rate of return on fund assets	0.00%
Amortization unrecognized projected Benefit obligation at the date of transition	-
Amortization period for actuarial losses	10years (declining-balance basis)

Year ended March 31, 2014

(1) Defined benefit plans

1) The changes in defined benefit obligation for the year ended March 31, 2014 were as follows:

	Millions of Yen	*Thousands of U.S. dollars (Note 1)*
	2014	2014
Retirement benefit obligations at beginning of year	¥ 1,918	$ 18,636
Service cost	126	1,224
Interest cost	24	233
Actuarial (gain) loss	(30)	(291)
Retirement benefits paid	(84)	(816)
Others	6	58
Retirement benefit obligations at end of year	¥ 1,960	$ 19,044

2) The changes in plan assets for the year ended March 31, 2014 were as follows:

	Millions of Yen	*Thousands of U.S. dollars (Note 1)*
	2014	2014
Plan assets at beginning of year	¥ 1,037	$ 10,075
Expected return on plan assets	51	496
Actuarial gain (loss)	47	457
Contributions from the employer	132	1,283
Retirement benefits paid	(71)	(690)
Plan assets at end of year	¥ 1,196	$ 11,621

3) The balance of retirement benefit obligations and plan assets at fair value as of March 31, 2014, liabilities and assets recognized in the consolidated balance sheet were as follows:

	Millions of Yen	*Thousands of U.S. dollars (Note 1)*
	2014	2014
Funded retirement benefit obligations	¥ 1,716	$ 16,673
Plan assets at fair value	(1,196)	(11,621)
	520	5,052
Unfunded retirement benefit obligations	244	2,371
Net liability recognized in the consolidated balance sheet	¥ 764	$ 7,423
Liability for retirement benefits	764	7,423
Net liability recognized in the consolidated balance sheet	¥ 764	$ 7,423

4) The components of retirement benefit expenses for the year ended March 31, 2014 were as follows:

	Millions of Yen	*Thousands of U.S. dollars (Note 1)*
	2014	2014
Service cost	¥ 126	$ 1,224
Interest cost	23	223
Expected return on plan assets	(51)	(496)
Amortization of actuarial (gain) loss	17	165
Retirement benefit expenses	¥ 115	$ 1,116

5) Unrecognized actuarial gain included in accumulated other comprehensive income (before tax effect) as of March 31, 2014 are as follows:

	Millions of Yen	*Thousands of U.S. dollars (Note 1)*
	2014	2014
Unrecognized actuarial gain (loss)	¥ 27	$ 262
Total	¥ 27	$ 262

6) Plan assets, by major category, as a percentage of total plan assets as of March 31, 2014 are as follows:

	2014
Debt securities	37%
Equity securities	40%
General accounts at life insurance companies	19%
Others	4%
Total	100%

The expected rate of return on plan assets is determined considering the allocation of the plan assets expected currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

7) The assumptions used in accounting for the above plans as follows:

	2014
Discount rate	0.67%
Expected long-term rates of return on plan assets	4.89%

(2) Defined Contribution plans

Certain consolidated subsidiaries have defined contribution plans and amount of the contribution for the year ended March 31, 2014 was ¥26million ($253thousand).

8. Shareholders' Equity

Under the Japanese Corporate Law the appropriation of retained earnings or disposition of accumulated deficit could be adopted by the Board of Directors.

The Japanese Corporate Law requires that an amount equal to 10% or more of cash dividends and other appropriations of retained earnings paid out with respect to each financial period be set aside in the legal reserve until an aggregate amount of additional paid-in capital and the legal reserve equals 25% of the amount of stated capital. The amount of total additional paid-in capital and legal reserve which exceeding 25% of stated capital can be transferred to retained earnings by a resolution of the shareholders, which may be available for dividends.

Under the Japanese Corporate Law, although the entire amount of the issue price of new shares is required to be accounted for as common stock a company may, by resolutions of its Board of Directors, account for an amount not exceeding one-half of the issue price of such new shares as additional paid-in capital.

9. Research and Development Costs

Research and development costs charged to income for the years ended March 31, 2013 and 2014 were ¥188million and ¥130million ($1,263 thousand), respectively.

10. Income Taxes

The company is subject to a number of different income taxes, which in the aggregate, result in a statutory tax rate in Japan of approximately 37.9% for the year ended of March 31, 2013 and 2014.

The deferred tax assets and deferred tax liabilities at March 31, 2013 and 2014 are as follows:

	Millions of Yen		*Thousands of U.S. dollars (Note 1)*
	2013	2014	2014
Deferred tax assets:			
Inventory write down	¥ 216	¥ 179	$ 1,739
Impairment loss of fixed assets	500	451	4,382
Retirement and severance benefits	280	278	2,701
Trial product for development	185	290	2,818
Net operating loss carried forward	816	644	6,258
Other, net	632	605	5,878
Valuation Allowance	(2,501)	(2,254)	(21,900)
	128	193	1,876
Deferred tax liabilities:			
Other, net	(202)	(280)	(2,721)
	(202)	(280)	(2,721)
Net deferred tax assets/(liabilities)	¥ (74)	¥ (87)	$ (845)

11. Other Comprehensive Income(Loss)

The reclassification adjustments and tax effects for components of other comprehensive income (loss) for the year ended March 31, 2013 and 2014 are as follows:

	Millions of Yen		*Thousands of U.S. dollars (Note 1)*
	2013	2014	2014
Unrealized gain on other securities:			
Amount arising during the year	¥ (159)	¥ 172	$ 1,671
Before Tax effect	(159)	172	1,671
Tax effect	54	(55)	(534)
Total unrealized gain on other securities	(105)	117	1,137
Translation adjustments:			
Amount arising during the year	481	337	3,274
Share of other comprehensive income of affiliates accounted for using the equity method:			
Amount arising during the year	21	1	10
Reclassification adjustments for losses (income) realized in net income	-	-	-
Total share of other comprehensive income of affiliates accounted for using the equity method	21	1	10
Total other comprehensive income (loss)	¥ 397	¥ 455	$ 4,421

12. Leases

The Company and its consolidated subsidiaries and equity method affiliates have been utilizing finance lease arrangements other than those deemed to transfer the ownership of the leased property to the lessee to employ certain machinery and equipment.

The finance lease transactions, which do not transfer ownership to lessee, started before April 1, 2008 were accounted for as operating leases.

Total lease payments for such lease arrangements for the year ended March 31, 2013 and 2014 are ¥0million and no payment, respectively.

Summarized below are the pro forma information on acquisition costs, accumulated depreciation and future minimum lease payments for the property held under such lease as mentioned above:

As of March 31, 2013

	Millions of yen		
	Machinery And Equipment	Other	Total
Acquisition costs	¥ 7	¥ -	¥ 7
Accumulated Depreciation	7	-	7
Net leased property	¥ -	¥ -	¥ -

As of March 31, 2014

	Millions of yen		
	Machinery And Equipment	Other	Total
Acquisition costs	¥ -	¥ -	¥ -
Accumulated Depreciation	-	-	-
Net leased property	¥ -	¥ -	¥ -

	Thousands of U.S. dollars (Note 1)		
	Machinery And Equipment	Other	Total
Acquisition costs	$ -	$ -	$ -
Accumulated	-	-	-
Net leased property	$ -	$ -	$ -

The lease payment for such lease arrangement had been fully paid out, no balance for future minimum lease payments as of March 31, 2013 and 2014.

Depreciation is calculated by the straight-line method on the assumption that the term of the lease is useful life of the relevant leased asset and residual value is zero.

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, would have been ¥0 million and not applicable for the year ended March 31, 2013and 2014, respectively.

13. Contingent Liabilities

The Companies have no significant contingent liabilities.

14. Business Combinations

Business combination through acquisition for the year ended March 31, 2014.

(1) Overview of the business combination

(i) Acquired company name and its main business
Acquired company name: TOWA Jipal Technologies Co., Ltd
Main business: After-sale service of semiconductor manufacturing equipment

(ii) Purpose of the acquisition
To develop the business activity in Taiwan, where our biggest market for Semiconductor equipment business

(iii) Date of completion business combination
April 8, 2013

(iv) Legal form of business combination
Share Purchase by underwriting capital increase by third-party allotment

(v) Name of the company after business combination
TOWA Jipal Technologies Co., Ltd

(vi) Acquired voting rights
Immediately before the date of business combination: 40%
Additions at the date of business combination : 20%
After acquisition : 60%

(vii) Main reason to decide the acquiring company

The Company acquires 60% portion of the acquired company and have effective control over its important business policy.

(2) Period for which the operating results of the acquired company are included in the Company's consolidated financial statements

April 1, 2013 to March 31, 2014

(3) The breakdown of acquisition cost for the acquired company

	Millions of yen	*Thousands of U.S. dollars (Note 1)*
Market value of stocks of TOWA jipal Technologies Co., Ltd at the date of business combination, held by the Company immediately before the combination	¥ 7	$ 68
Cash paid for additional acquisition	8	78
Total acquisition costs	¥ 15	$ 146

(4) Difference of total cost of acquisition and individual acquisition costs

	Millions of yen	*Thousands of U.S. dollars (Note 1)*
Loss on step acquisitions	¥ 2	$ 19

(5) Details of gain on negative goodwill

	Millions of yen	*Thousands of U.S. dollars (Note 1)*
Amount of Gain on Negative Goodwill	¥ 1	$ 10

Gain on Negative Goodwill is recognized for the difference of acquisition cost and the market value of net assets of the acquired company at the date of business combination.

(6) Assets acquired and liabilities assumed as of the acquisition date

	Millions of yen	*Thousands of U.S. dollars (Note 1)*
Current assets	¥ 46	$ 447
Non-current assets	1	10
Total assets	¥ 47	$ 457
Current liabilities	¥ 28	$ 272
Non-current liabilities	-	-
Total liabilities	¥ 28	$ 272

15. Segment Information

(1) Segment by products

Year ended March 31, 2013 — *Millions of Yen*

	Semiconductor equipment	Fine plastic mold	Elimination/ Unallocated Assets	Consolidated
Ⅰ.Sales and operating income				
Net sales to customers	¥ 15,176	¥1,278	¥ -	¥ 16,454
Inter-segment sales	-	-	-	-
	15,176	1,278	-	16,454
Cost of sales and Operating expenses	15,777	1,117	-	16,894
Operating income (loss)	¥ (601)	¥ 161	¥ -	¥ (440)
Ⅱ.Assets				
Total assets	¥ 24,599	¥ 1,298	¥ -	¥ 25,897
Depreciation and amortization	¥ 1,264	¥ 91	¥ -	¥ 1,355
Amortization of goodwill	¥ 37	¥ -	¥ -	¥ 37
Investments in associates accounted for using equity method	¥ 194	¥ -	¥ -	¥ 194
Capital expenditure	¥ 1,232	¥ 30	¥ -	¥ 1,262

Year ended March 31, 2014 — *Millions of Yen*

	Semiconductor equipment	Fine plastic mold	Elimination/ Unallocated Assets	Consolidated
Ⅰ.Sales and operating income				
Net sales to customers	¥ 15,741	¥1,424	¥ -	¥ 17,165
Inter-segment sales	-	-	-	-
	15,741	1,424	-	17,165
Cost of sales and Operating expenses	15,511	1,196	-	16,707
Operating income	¥ 230	¥ 228	¥ -	¥ 458
Ⅱ.Assets				
Total assets	¥ 27,784	¥ 1,348	¥ -	¥ 29,132
Depreciation and amortization	¥ 1,240	¥ 75	¥ -	¥ 1,315
Amortization of goodwill	¥ 42	¥ -	¥ -	¥ 42
Investments in associates accounted for using equity method	¥ 198	¥ -	¥ -	¥ 198
Capital expenditure	¥ 1,318	¥ 165	¥ -	¥ 1,483

Year ended March 31, 2014	*Thousands of U.S. dollars (Note 1)*			
	Semiconductor equipment	Fine plastic mold	Elimination/ Unallocated Assets	Consolidated
Ⅰ.Sales and operating income				
Net sales to customers	$ 152,944	$ 13,836	$ -	$ 166,780
Inter-segment sales	-	-	-	-
	152,944	13,836	-	166,780
Cost of sales and Operating expenses	150,709	11,621	-	162,330
Operating income	$ 2,235	$ 2,215	$ -	$ 4,450
Ⅱ.Assets				
Total assets	$ 269,957	$ 13,098	$ -	$ 283,055
Depreciation and amortization	$ 12,048	$ 729	$ -	$12,777
Amortization of goodwill	$ 408	$ -	$ -	$ 408
Investments in associates accounted for using equity method	$ 1,924	$ -	$ -	$ 1,924
Capital expenditure	$ 12,806	$ 1,603	$ -	$ 14,409

(2) Sales by region

	Millions of Yen		*Thousands of U.S. dollars (Note 1)*
Year ended March 31	2013	2014	2014
Japan	¥ 2,521	¥ 3,150	$ 30,606
Overseas			
Asia	13,536	13,448	130,665
America	270	429	4,168
Other	127	138	1,341
Overseas total	13,933	14,015	136,174
Consolidated sales	¥ 16,454	¥ 17,165	$ 166,780

Corporate Information

as of June 27, 2014

Corporate Data

Corporate Name:	TOWA CORPORATION
Headquarters/Factory:	5 Kamichoshi-cho, Kamitoba, Minami-ku, Kyoto 601-8105, Japan
Eatablished:	April 17, 1979
Operations:	Develop, design, manufacture, and sell precision molds, manufacturing systems for electronic components, inspection systems for electronic components, precision-molded and assembly products, medical-use equipment, and electronic-communications equipment. Other related business.
Paid-in Capital:	¥8,932,627,777
Common Stock	
Authorized:	80,000,000
Issued Number of Shares:	25,021,832
Unit for Trading:	100
Stock Listings:	First Section of the Tokyo Stock Exchange
Transfer Agents:	Mizuho Trust & Banking Co., Ltd
Fiscal Year:	From April 1 to March 31
Number of Employees:	447
URL:	http://www.towajapan.co.jp
Subsidiaries and Affiliated Companies:	BANDICK Corporation TOWATEC Co., Ltd. TOWAM Sdn. Bhd. TOWA Asia-Pacific Pte. Ltd. TOWA Semiconductor Equipment Philippines Corp. TOWA USA Corporation TOWA Europe B.V. TOWA (Shanghai) Co., Ltd. TOWA (Suzhou) Co., Ltd. TOWA TAIWAN Co., Ltd. TOWA KOREA Co., Ltd.. TONGJIN Corporation TOWA-Jipal Technologies Co., Ltd. Scientific and Semiconductor Manufacturing Equipment Recycling Co., Ltd.

Board of Directors

President & COO

Hirokazu Okada

Directors

Tsuyoshi Amakawa
Hisaji Konishi
Makoto Fukutomi
Hiroshi Uragami
Yoshizumi Tamura
Hajime Kuwaki

Standing Corporate Auditor

Hisayoshi Kobayashi

Corporate Auditors

Masanori Sugiyama
Daisuke Wake

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